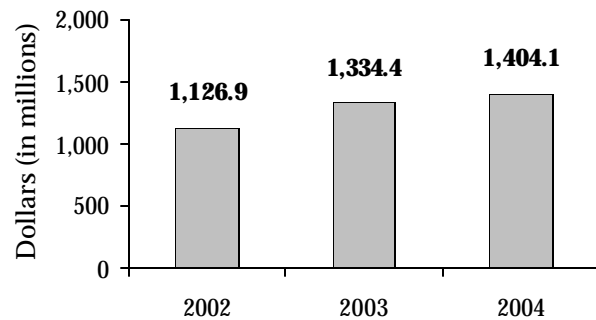


U.S. Patent and Trademark Office

The U. S. Patent and Trademark Office (USPTO) is charged with administering the patent and trademark laws of the United States. USPTO examines patent applications, grants patent protection for qualified inventions and disseminates technological information disclosed in patents. USPTO also examines trademark applications and provides Federal registration to owners of qualified trademarks.

In FY 2004, the second year of the 5-year Business Plan, the USPTO will spend \$1,404 million to increase the quality of patent and trademark products and services, keep pace with workload growth and promote e-Government activities. Offsetting collections will total \$1,504 million in FY 2004 from fees charged pursuant to 15 U.S.C. 1113 and 35 U.S.C. 41 and 376. In addition, the Administration will propose legislation in 2003 to restructure the statutory fees charged for products and services. Relative to current law, the restructuring is expected to raise fee collections by \$201 million. These additional funds will provide significant new investments in automation and examiner resources in order to reduce pendency and improve the quality of USPTO products.

PTO Program Level



USPTO Performance Measures

In order to achieve the USPTO's mission, the Agency developed a new strategic plan covering FY 2004- FY 2008. This plan transforms the USPTO into a more agile, capable, and productive organization. Congress, owners of intellectual property, the Patent Bar, and the public-at-large have told the USPTO that it must (1) improve patent and trademark quality, (2) aggressively implement e-Government to handle the workload associated with the 21st Century economy, and (3) reduce patent and trademark pendency. The USPTO has identified three strategic themes that correspond directly to these challenges:

1. Agility: Address the 21st Century Economy by Becoming a More Agile Organization

The USPTO will create a flexible organization and work processes that can handle the increasing expectations of our markets, the growing complexity and volume of our work, and the globalization that characterize the 21st Century economy. The Office will work, both bilaterally and multilaterally, with our partners to create a stronger, better-coordinated and more streamlined framework for protecting intellectual property around the world. The USPTO will transform its workplace by radically reducing labor-intensive paper processing.

2. Capability: Enhance Quality through Workforce and Process Improvements

The USPTO will make patent and trademark quality its highest priority by emphasizing quality in every component of its strategic plan. Through the timely issuance of high-quality patents and trademarks, the Office will respond to market forces by promoting advances in technology, expanding business opportunities and creating jobs.

3. Productivity: Accelerate Processing Times Through Focused Examination

The USPTO will reduce patent and trademark pendency, reduce time to first office action, and recover the investments in people, processes, and technology.

In FY 2004, the USPTO aims to achieve these goals through a number of priority efforts that improve or transform existing programs. These include delivering an operational system to process patent applications electronically, completing the transition of the trademark operations to a fully electronic environment, enhancing the current quality assurance programs by integrating reviews to cover all stages of examination, and achieving greater examiner productivity by reducing the prior art search burden. A more detailed presentation of goals and performance measures can be found in the Department's FY 2004 Annual Performance Plan.

Funding Requirements by Performance Goal

(Obligations in millions)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Agility	\$0	\$69.2	\$96.3
Capability	0	19.2	19.8
Productivity	0	34.6	39.6
Operations	1,126.9	1,211.4	1,248.4
Total	\$1,126.9	\$1,334.4	\$1,404.1

Summary of Appropriations

(Dollars in thousands)

Funding Levels

	<u>2002</u>	<u>2003</u> <u>Estimate</u>	<u>2004</u> <u>Estimate</u>	Increase <u>(Decrease)</u>
From New Offsetting Collections	\$843,146	\$1,234,357	\$1,404,130	\$169,773
From General Fund	1,500			0
From Prior Year Offsetting Collections	277,744	100,000		(100,000)
From Prior Year-1 Offsetting Collections	4,556			0

Program Level

	1,126,946	1,334,357	1,404,130	69,773
Fee Collections	(1,150,214)	(1,526,908)	(1,503,814)	23,094
2001 Fee Collections Not Available Until FY 2003	100,000			0
2003 Fee Collections Not Available	206,513	292,551	99,684	(192,867)
TOTAL APPROPRIATION	283,245	100,000	0	(100,000)

Unavailable Offsetting Collections due to limitation
in current year and becoming available in
following year(s)

TOTAL BUDGET AUTHORITY

	(306,513)	(292,551)	(99,684)	192,867
	(23,268)	(192,551)	(99,684)	92,867

FTE	6,593	7,453	7,886	433
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Highlights of Budget Changes

Appropriation: Salaries and Expenses

Summary of Requirements

	Detailed		Summary	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
2003 Estimate				
Fee collections in 2003			7,453	\$1,526,908
Available offsetting collections from prior year				100,000
Unavailable offsetting collections				(292,551)
Funds Currently Available, 2003			7,453	1,334,357
Adjustments to Base				
<u>Other Changes</u>				
2003 Pay raise		\$3,820		
2004 Pay raise		9,368		
Full year cost of positions financed in FY 2003	213	22,773		
Within-grade step increases		6,473		
One more compensable day		2,531		
Civil Service Retirement System (CSRS)		(1,029)		
Federal Employees' Retirement System (FERS)		1,400		
Thrift Savings Plan		262		
Federal Insurance Contributions Act (FICA) -OASDI		370		
Health insurance		3,646		
Travel		2		
Rent payments to GSA		2,011		
Printing and reproduction		1,435		
Other services:				
NARA		4		
General Pricing Level Adjustment:		6,310		
Communications, Utilities and misc.		374		
Subtotal, other cost changes			213	59,750
TOTAL, ADJUSTMENTS TO BASE			213	59,750
2004 Base			7,666	1,394,107
Program Changes			220	10,023
TOTAL REQUIREMENTS			7,886	1,404,130
Total Offsetting Fee Collections				(1,503,814)
Portion Not Available for Obligation (Limitation on Obligation)				99,684
2004 APPROPRIATION			7,886	0

Comparison by Activity

	2003 Estimate		2004 Base		2004 Estimate		Increase / Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
DIRECT OBLIGATIONS								
Patents	6,593	\$1,190,496	6,806	\$1,250,957	7,026	\$1,259,850	220	\$8,893
Trademarks	860	143,861	860	143,150	860	144,280	0	1,130
TOTAL OBLIGATIONS	7,453	1,334,357	7,666	1,394,107	7,886	1,404,130	220	10,023
FINANCING								
Fees		(1,526,908)				(1,503,814)		
Prior year recoveries/Reimbursements						0		
Unobligated Balance, Start of Year						0		
Offsetting Collections Not Available for Obligation		292,551				99,684		
TOTAL APPROPRIATION	7,453	100,000			7,886	0		
Unavailable Offsetting Collections due to limitation in current year and becoming available in following year(s)		(292,551)				(99,684)		
TOTAL BUDGET AUTHORITY	7,453	(192,551)			7,886	(99,684)		

Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Patent Process	6,806	1,250,957	+220	+\$8,893

An increase (+220 FTE; +\$8,893) is requested in support of the Patent Business goals to minimize patent application processing time and enhance the quality of products and services. Resources will be used to hire additional examination staff, address electronic filing of applications, and improve the quality of products by addressing certification and recertification of patent examiners.

Trademark Process	860	143,150	0	+\$1,130
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An increase (+0 FTE; +\$1,130) is requested in support of the Trademark Business goals to minimize trademark application processing time and enhance the quality of products and services. Resources will be used to implement the Madrid Protocol, address certification of employees in Trademark processes, and pursue outsourcing of specific processes.